

July 29, 2019
Emergency Board Meeting
Report on Medicaid for Fiscal Year 2019

32 V.S.A. § 305a(c) requires a year-end report on Medicaid and Medicaid-related expenditures and caseload. Each January the Emergency Board is required to adopt specific caseload and expenditure estimates for Medicaid and Medicaid-related programs. Action is not required at the July meeting of the Emergency Board unless the Board determines a new forecast is needed as a result of the year-end report. The data in this report reflects the most current actual FY19 information to date. The comparison of actual to the budgeted amount for FY19 reflects the changes made through budget adjustment and big bill processes. There may be adjustments to actual year-end amounts as the financial close-out for the fiscal year is completed and finalized. If necessary, changes will be included in a subsequent report.

Executive Summary

The bullet points below provide the primary results of FY19 in the Vermont Medicaid, Global Commitment Waiver (GC), Children’s Health Insurance Program (CHIP) and related programs; followed by a brief summary of issues to be aware of looking forward. Detailed multiyear charts for overall program expenditure, enrollment and fund balances follow this summary.

- The State’s Medicaid/Global Commitment/SCHIP and related programs ended FY19 in a relatively neutral position compared to budgeted expectations. In terms of gross total spending, the programs in the aggregate came in below expectation, but after accounting for Choice for Care savings there is a less than 0.1% GF program balance of \$600k.
- DVHA expenditures ended up higher than expected mostly due to 1) pharmacy rebates coming below expectations and 2) the unbudgeted “ACO tail”. DVHA has done detailed analysis on the more than 32,000 additional attributed ACO Medicaid lives for CY2019. This analysis looks at the net impact of the PMPM payments to the ACO and the payoff or ‘tail’ of claims for the same population. This is further netted with the impact of attributed lives that leave the ACO over the same period. This analysis indicated a one-time (unbudgeted) fiscal impact of \$13.8 million gross that was accommodated by AHS in the second half of FY19.
- The overage in DVHA was covered by expenditures in other departments, primarily the DDAIL/DDS budget. In DMH, the Success Beyond Six program came in under expectation but this has no direct impact on other state funding since the match in this program is provided by the schools, so this underspending is either a direct savings or avoided cost to school budgets and the Education Fund.
- **Caseload:** Caseload appears to have stabilized in FY19. Total Medicaid enrollments showed modest declines, decreasing by 4% compared to the previous year, with decreases in almost every eligibility group. The largest decreases were in General Adults (2,558 people or 20%) and Childless New Adults (2,668 or 6.7%). Beneficiaries receiving State Cost Sharing Reductions (CSRs) for exchange plans also decreased by 20% (1,222 people). Multi-year detailed caseload data is provided later in this report.

- **Health Care Revenues:** Cigarette, claims, and provider taxes, as well as the employer assessment, will be recognized as General Fund revenues rather than State Health Care Resources Fund (SHCRF) revenues pursuant FY19 BAA (Act 6 of 2019) on an ongoing basis beginning with FY19. These health care related taxes came in \$5.2 million below estimates.
 - The Employer Assessment raised \$19.75 million in FY19. This is approximately \$93,000 less than FY18 and the first time since its inception revenues decreased from the previous year. Revenues decreased because the total number of reported FTEs for which the assessment is paid saw a decrease. As such, we anticipate very modest growth or even a leveling off in the next couple of years.
 - Provider tax revenues came in \$1.6 million below expectation set in January for FY19. With the shift in the recognition of these revenues from the SHCRF to the General Fund, the accounting basis shifted accordingly from cash to accrual. This change in accounting treatment resulted in cash revenue that was budgeted, but not recognized in FY19. In addition, Springfield Hospital did not make more than half its FY19 payments, assuming current provider tax obligations do not materialize there could be a future bad debt write down adjustment. Our future provider tax forecasts take this into consideration.
 - Cigarette and tobacco taxes and the health care claims tax also fell short of expectations by approximately \$2.5 million and \$850,000 respectively.
- The current **GC Waiver agreement**, which began in Jan. 2017, phases out federal match for several waiver investments and establishes annual calendar year caps on the total amount of waiver investments. We are half way through the phase out of several investments such as Room & Board and Vermont Physician Training. These will be fully phased down over the next two budget cycles with an approximately budget impact of \$6 million gross each year from 2019 through 2021. For the 2018 waiver year, which ended Dec. 31, 2018, the total cap was \$148.5 million. The CY2019 cap is \$138.5 million. The agency will likely seek authority to begin the initial work for the next version of this waiver during the legislative session.

Looking Ahead – Concerns, Considerations and Areas of Focus

- **“Chip Dip”:** Under the ACA, the CHIP match was further enhanced in FFY16 through FFY19 by 23 percentage points. When CHIP was renewed by Congress in 2018, it phased out the ACA enhancements by 11.5 percentage points for FFY20 and will completely revert to the regular pre-ACA enhanced FMAP in FFY21 and beyond. This is estimated to have a negative fiscal impact in SFY21 of approximately \$6 million, growing to a fully annualized \$12.3 million reduction to be entirely absorbed by SFY22.
- **New Adult:** States also received enhanced FMAP for newly eligible childless adults under the ACA. States like Vermont that had already expanded coverage, received enhanced FMAP for this population of at least 75% in CY 2014, incrementally increasing to 93% by

CY 2019, before leveling out at 90% for CY 2020 and beyond. This leveling out is anticipated to have a negative fiscal impact of a roughly \$4 million impact.

- **Global Commitment Waiver:** The current Global Commitment Waiver agreement expires at the end of CY2021. As such, representatives from AHS will begin initial work renegotiating the terms and conditions for a new waiver and/or an extension of the current waiver. Authorizing language will likely be needed in the upcoming session.
- AHS is in the final stages for submitting the **SMI/IMD state plan amendment**.¹ Within the next few weeks, AHS will make an application to amend the Global Commitment to Health Section 1115 waiver as it relates to receiving expenditure authority for the treatment of serious mental illness (SMI) provided to Medicaid beneficiaries (non-forensic) at Institutions for Mental Disease (IMDs). These treatment services are currently claimed under the Investment authority of the 1115 waiver which is subject to phasedown beginning in CY2021. Medicaid match which would have a very positive fiscal impact for the state during the next waiver period by mitigating a portion of this future investment phase out.

¹ SMI = Serious mental illness. IMD = Institutions for mental diseases.

Average Medicaid Caseload						<i>Budgeted</i>			
(Based on Monthly Enrollment Through June 2019)						<i>FY15- FY17 impacted by eligibility redetermination suspension and resumption</i>		Eboard	Eboard
		actual	actual	actual	actual	Jan.'19	est. actual	Jan.'19	
		FY15	FY16	FY17	FY18	FY19	FY19	FY20	
Full/Primary Coverage (note1)									
Adult									
	Aged, Blind, or Disabled (ABD) Adults	15,967	14,883	8,759	6,779	6,250	6,485	6,031	
	General Adults	17,339	20,050	14,876	12,705	12,958	10,148	12,867	
	New Adult Childless- began 1/1/2014	42,814	49,895	42,412	40,100	39,248	37,432	39,273	
	New Adult w/Kids - began 1/1/2014	10,379	12,810	17,787	18,618	18,813	19,101	18,813	
	Childless % of total New Adult	80%	80%	70%	68%	68%	66%	68%	
	Adult subtotal	86,499	97,638	83,834	78,202	77,269	73,166	76,984	
				-14.1%	-6.7%	-1.2%	-6.4%		
Children									
	Blind or Disabled (BD) Kids	3,654	3,243	2,579	2,244	2,166	2,093	2,112	
	General Kids	60,894	63,354	60,024	60,009	59,811	58,779	59,708	
	CHIP (Uninsured) Kids	4,416	4,509	5,136	4,673	4,697	4,479	4,697	
	Child subtotal	68,964	71,106	67,739	66,926	66,674	65,351	66,517	
				-4.7%	-1.2%	-0.4%	-2.4%		
Subtotal -Full/Primary		155,462	168,744	151,573	145,128	143,943	138,517	143,501	
				-10.2%	-4.3%	-0.8%	-4.6%		
Partial/Supplemental Coverage									
	Choices for Care	4,101	4,263	4,302	4,259	4,350	4,275	4,390	
	ABD Dual Eligibles	18,309	18,734	17,651	17,761	17,645	17,651	17,772	
	Rx -Pharmacy Only Programs	11,974	11,583	11,389	10,690	11,182	10,382	10,913	
	VPA-Vermont Premium Assistance (note2)	16,906	14,893	17,961	18,275	19,023	17,163	20,524	
	CSR-Cost Sharing Reduction - subset of VPA	5,322	4,976	5,816	6,141	6,483	4,919	7,099	
	Underinsured Kids (ESI upto 312% FPL)	907	834	873	624	831	563	800	
Subtotal -Partial/Supplemental Coverage		52,197	50,307	52,177	51,609	53,031	50,034	54,399	
				3.7%	-1.1%	2.8%	-3.1%		
Total Medicaid Enrollment		207,659	219,051	203,750	196,737	196,974	188,551	197,900	
				-7.0%	-3.4%	0.1%	-4.2%		
Notes	1 1) Some Full Coverage enrollees may have other forms of insurance.								
	2 2) VPA-Vermont Premium Assistance counts are subscribers not individuals.								
								doc# 343038	

Summary of Total Expenditures							
Medicaid and Medicaid Related							
	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Actual	FY19BAA Budgeted	FY19 Actual (est)	FY20 Budgeted
Administration (not in Waiver)							
Non Capitated Administration 50/50	2,468,599	-	42,336,781	80,088,129	69,471,206	72,558,595	55,447,800
Non Capitated Administration 75/25 MMIS M&O			6,576,855	14,272,895	24,127,933	17,333,783	22,338,091
Non Capitated Administration 75/25 SPMP			4,609,334	6,161,582	6,258,533	6,309,453	6,298,181
<i>Sub-total Non Capitated Administration</i>	2,468,599	-	53,522,970	100,522,606	99,857,672	96,201,831	84,084,072
Non Capitated Administration 75/25 E&E M&O		13,063,756	23,949,052	30,224,766	37,839,944	28,215,235	50,680,048
Total Non Capitated Administration	2,468,599	13,063,756	77,472,022	130,747,372	137,697,616	124,417,065	134,764,120
Global Commitment Waiver							
GC - Administration	89,009,358	101,878,207	53,983,552	n/a	n/a	n/a	n/a
GC - Program	1,115,568,211	1,192,959,128	1,172,779,869	1,176,581,623	1,251,710,196	1,245,532,724	1,276,855,167
GC - VT Premium Assistance	5,471,173	5,256,145	6,162,611	6,332,790	6,614,098	5,941,367	6,914,219
GC - Choices for Care (CY 2015 now in GC)	102,782,659	183,841,818	190,393,133	193,956,348	209,074,560	206,204,809	213,712,634
GC - Investments	121,609,350	119,743,698	135,234,008	139,114,731	136,330,595	135,033,700	126,253,313
GC - Certified (non -cash program & cnom)	29,279,458	32,698,831	28,059,203	27,307,277	26,394,678	27,770,489	26,348,983
GC Waiver total	1,463,720,209	1,636,377,827	1,586,612,376	1,543,292,769	1,630,124,127	1,620,483,089	1,650,084,316
						5.0%	1.8%
Other Medicaid and Related Programs							
Choices For Care / Money Follows the Person	108,013,364	3,263,786	2,244,110	2,607,149	-	766,828	-
Exchange Cost Sharing Subsidy (State Only)	1,138,775	1,186,720	1,355,318	1,533,802	1,520,434	1,482,370	1,314,872
Exchange Vermont Premium Assistance (State Only)	140,293	10,097	(62,232)	74,896	-	-	-
Pharmacy - State Only	1,256,966	(2,752,230)	(258,671)	1,054,658	6,385,930	4,784,349	2,693,721
DSH	37,448,781	37,448,781	37,448,780	27,448,780	22,704,471	22,704,471	22,704,471
Clawback (state only funded)	25,888,658	29,011,845	31,738,186	33,676,089	34,565,706	34,453,902	34,912,199
SCHIP	10,373,932	9,787,010	13,081,552	11,055,931	9,199,267	12,093,133	9,276,618
Total All Expenditures	1,650,449,577	1,727,397,592	1,749,631,439	1,751,491,446	1,842,197,551	1,821,185,207	1,855,750,317
	5.1%	4.7%	1.3%	0.1%		4.0%	1.9%
Blue Cross Blue Shield VT Recon Settlement		1,600,000	3,500,000	4,500,000			
Notes							
CY17 - Admin out of GC in new waiver agreement							
CY17 - Payments to ACO for attributed lives include in GC program expenditures							
CY15 - CFC into GC waiver							
							Doc # 343033

Choices for Care Year End Summary - SFY19							
CFC is managed as one budget, categories are estimated but funding is fluid within them.							
DeptID - 34100160000							
	SFY19	Less SFY19	= Bal. of SFY19	State Share Bal FY19 Year End	MFP SFY20 Obligations	Bal. of State Share converted to GC	
Plan\$ Available (Final Approp)	Expend and Obligated		(Final Approp) All Funds	(SFY19 State Share is 46.21% of GC)	State and Fed Share	(SFY20 46.13%) Available For CFC Savings Reinvest	
H&CB Money Follows the Person GF	\$650,292	\$177,465	\$472,827	\$472,827	\$222,827	\$541,947	\$472,826.88 less \$250K GF (Grossed up to \$541,946.67 GC) = \$222,826.88 General Fund balance being carried forward to SFY20 - staying as GF for H&CB MFP obligations.
H&CB Money Follows the Person FF	\$1,100,000	\$589,363	\$510,637	\$0	\$510,637	\$0	FF not used are available for next yr MFP obligations
H&CB Global Commitment Fund	\$76,230,406	\$76,856,122	(\$625,716)	(\$289,143)	\$0	(\$626,801)	
Nursing Home GCF	\$131,762,137	\$129,348,687	\$2,413,450	\$1,115,255	\$0	\$2,417,635	
Choices for Care Subtotal all funds	<u>\$209,742,835</u>	<u>\$206,971,637</u>	<u>\$2,771,198</u>	<u>\$1,298,939</u>	<u>\$733,464</u>	<u>\$2,332,781</u>	GC SFY 19 Carryforward into SFY20 available before obligations.
NOTES							
* It is good to note that in the SFY19 Plan is \$2,058,502 in Carryforward from SFY18.							
						\$2,332,781	Balance of carryforward not obligated - this is 1.13% of budget.
						\$2,069,716	1% reserve requirement, calculated by taking 1% of SFY19 expenses
						<u>\$263,065</u>	amount available for "reinvestment"
							1) This will be used for Moderate Needs Case Mgt 12 to 24 hours.

Global Commitment - Cash Balance Sheet - FY15 to FY19							
	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Budgeted	FY18 Actual	FY19 Actual	
Revenues - Cash Capitated Payments	1,442,945,241	1,633,975,029	1,554,409,832	1,540,133,246	1,512,050,358	1,589,240,101	***
Expenses - Cash Capitated							
Administration	89,009,358	101,878,207	53,983,552	-			
Program	1,223,822,043	1,382,057,091	1,369,335,613	1,401,839,656	1,376,870,761	1,457,678,900	
Investment	112,000,874	110,777,644	131,087,882	138,293,590	135,179,597	131,473,726	
Total Cash Expenses	1,424,832,275	1,594,712,942	1,554,407,047	1,540,133,246	1,512,050,358	1,589,152,626	
Transfer to 27/53 Reserve- 53rd week portion	n/a	n/a	(5,287,591)	(1,700,000)	(1,700,000)	(1,760,000)	
Transfer to Human Service CR - IBNR						(64,022,729)	
Transfer to Human Service CR - Medicaid						(14,064,254)	
Change in Fund Balance	18,112,966	39,262,087	(5,284,806)	(1,700,000)	(1,700,000)	(79,759,508)	
Prior Year Fund Balance	29,456,821	47,569,787	86,831,874	81,547,068	81,547,068	79,847,068	
Total Fund Balance	47,569,787	86,831,874	81,547,068	79,847,068	79,847,068	87,560	
Actual balance		86,844,215	81,561,150		79,861,148	101,899	
variance		12,341	14,082		14,080	14,339	
deposits into GC fund in error (cumulative)		12,339	14,081		14,081	14,339	
true variance		2	1		(1)	1	
Non-capitated administrative expenses ⁽¹⁾	2,468,599	-					
Non-cash expenses ⁽²⁾	29,311,669	32,698,831	28,059,203	26,453,027	27,307,277	27,770,489	
Non-cash revenues ⁽³⁾	29,311,669	32,698,831	28,059,203	26,453,027	27,307,277	27,770,489	
Notes:							
(1) Non-capitated expenses are cash expenses but are paid outside of capitation pmt and do not affect fund							
(2) Non-cash expenses include certified programs in which non-federal expenses are not State cash expenses.							
(3) Non-cash revenues include certified programs in which non-federal revenues are not State cash revenues.							
*** GC fund was overpaid (revenue) in error due to timing of DCF closeout entries - \$84,475							
						VT LEG #259687	

State Health Care Resources Fund (most revenues redirected to GF in FY19)					<i>Working Budget</i>	<i>informational</i>	<i>Working Budget</i>	<i>As Of</i>
					<i>Jan. 2019</i>	<i>only</i>	<i>Jan. 2019</i>	<i>July 2019</i>
State Health Care Resources Fund	FY15 Actuals	FY16 Actual	FY17 Actuals	FY18 Actual	FY19	FY19 Actual	FY20	FY20
Total Beginning balance	(748)	7,337,508	4,729,431	(12,694)	1,647,034	1,647,034	-	These revenues were redirected to the General Fund in FY19 BAA (Act 6 2019) below are the remaining SHCRF revenues
Health Care Tax Revenue						<i>redirect to GF</i>		
Cigarette Tax Revenue	68,302,786	70,007,845	67,556,831	61,785,442	61,950,000	59,496,386	59,060,000	
Tobacco Products Tax - 100%	8,104,758	9,012,347	9,134,862	9,286,787	9,150,000	8,937,874	9,320,000	
Cigarette Floor Stock Tax	347,610	897,670	-	-	-	-	-	
Claims Assessment	13,978,648	13,767,674	14,055,360	15,912,905	16,500,000	15,643,633	16,500,000	
Employer Assessment	15,879,665	17,896,335	19,159,000	19,843,461	19,900,000	19,750,365	20,500,000	
Nursing Home Sale Assessment	-	593,400	3,683,218		800,000	800,000		
Prov Tax - Ambulance			736,924	936,174	935,000	931,660	935,000	
Prov Tax - Hospital	125,293,302	131,712,103	137,296,343	143,498,478	147,940,724	146,336,595	149,571,631	
Prov Tax - Nursing Home	15,595,924	15,681,383	15,000,491	14,847,278	14,737,022	14,798,877	14,674,958	
Prov Tax - Home Health	4,373,603	4,488,435	5,467,427	4,699,521	4,799,638	4,800,638	4,799,638	
Prov Tax - ICF-MR	73,759	73,308	73,308	73,828	79,445	86,066	79,445	
Pharmacy \$0.10/script	775,297	783,689	782,910	812,375	800,000	765,113	800,000	
Subtotal tax revenue	252,725,352	264,914,189	272,946,674	271,696,249	277,591,829	272,347,207	276,240,672	
Other Fund Revenue						<i>remain SHCRF</i>		
Graduate Med Education	13,054,500	13,491,750	13,462,714	13,884,750	13,863,000	13,864,500	13,839,000	
Premiums - Dr. D (medicaid)	192,949	130,524	183,318	204,640	160,000	220,727	160,000	
Premiums - SCHIP	928,108	163,865	102,313	132,739	100,000	140,194	100,000	
Premiums - Rx programs	3,112,356	2,918,910	2,799,719	2,617,496	2,500,000	2,553,266	2,350,000	
Recoveries	435,377	2,831,833	55,117	985,651	276,468	567,690	442,501	
Other (Misc, Interest)	(39,319)	(962,512)	(77,088)	288,327	0	812,183	24,000	
Subtotal other revenue	17,683,711	18,574,332	16,526,047	18,113,570	16,899,468	18,158,560	16,915,501	
Total Fund Revenue	270,409,063	283,488,521	289,472,721	289,809,819	16,899,468	18,158,560	16,915,501	
Total Available	270,408,315	290,826,029	294,202,152	289,797,125	18,546,502	19,805,594	16,915,501	
Expenditures								
Total GC Expend	263,070,807	286,096,598	294,214,846	288,150,091	18,546,502	18,546,502	16,915,501	
End. Balance	7,337,508	4,729,431	(12,694)	1,647,034	-	1,259,092	-	

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